

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 AID-05

CEA-01 CIAE-00 COME-00 EB-07 EA-07 FRB-03 INR-07

IO-10 NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01

LAB-04 SIL-01 OMB-01 SS-15 NSC-05 L-03 H-02 OIC-02

OES-03 FEAE-00 EURE-00 /105 W  
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TO SECSTATE WASH DC IMMEDIATE 8526

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 24382

PASS TREASURY FOR COOPER

E.O.11652: N/A

TAGS: FN, ECON, ENRG, OECD

SUBJECT: SEPTEMBER 24-25 MEETING OF TEMPORARY WORKING  
PARTY ON ECONOMIC AND FINANCIAL PROBLEMS WITH  
OIL PRODUCING COUNTRIES

REFS: (A) DOCUMENT DES/NI(75)8 (1ST REVISION)

(B) OECD PARIS 23775

1. SECRETARIAT HAS CIRCULATED DOCUMENT AS ADDENDUM  
NO. 2 TO DES/NI(75)8 (1ST REVISION) CONSISTING OF  
COMMENTS AND PROPOSALS FOR REVISION BY THE GERMAN DELE-  
GATION TO THE TEMPORARY WORKING PARTY ON THE DRAFT PAPER  
COVERING SOME ASPECTS OF THE ECONOMIC IMPACT OF HIGHER  
OIL PRICES. THE TEXT OF THESE GERMAN SUGGESTIONS IS AS  
FOLLOWS:

BEGIN TEXT

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PARA. 3 -- SECOND LINE: REPLACE "PREDICTED" BY

"EXPECTED."

PARA. 4 -- IN THE 5TH LINE, AFTER "BECAUSE" INSERT  
"OECD EXPORTS TO OPEC AND THE LDCS, AS WELL AS".

IN 4TH LINE ON PAGE 2, REPLACE "HAVE DAN-  
GEROUSLY AGGRAVATED" BY "AGGRAVATED IN 1974".

PARA. 7 -- LAST SENTENCE: REPLACE "REFLATIONARY  
POLICIES" BY "DEMAND-MANAGEMENT POLICIES AND  
ENDANGER THE MAINTENANCE OF LIBERAL TRADE POLICIES".

PARA. 8 -- FIRST SENTENCE: DELETE THE WORDS "RELATIVE"  
AND "TO THE WORLD". WE SUGGEST DELETION OF THE  
SECOND SENTENCE.

PARA 9 -- ACCORDING TO OUR INTERPRETATION OF THE WORK-  
ING PARTY'S COMPETENCE, THE QUESTION OF POSSIBLE  
"TRADE-OFFS" HAS BEEN EXCLUDED FROM THE WORKING  
PROGRAM; AND PARAGRAPH 20 OF DES/NI(75)10 (1ST REVI-  
SION) STATES THAT IT IS PARTLY OUTSIDE THE COMPE-  
TENCE OF THE WORKING PARTY. CONSEQUENTLY, WE PRO-  
POSE THE FOLLOWING CHANGES:

DELETE 1ST SENTENCE AND, IN 2ND AND 3RD LINES ON  
PAGE 3, REPLACE "SUCH UNDERSTANDING" BY "INDEXA-  
TION SYSTEM FOR OIL PRICES".

SEVENTH LINE ON PAGE 3: INSERT "FAR" BEFORE "MORE  
HEAVILY."

ELEVENTH AND TWELFTH LINES ON PAGE 3: REPLACE THE  
WORDS "AN AGREEMENT TO REDUCE AND THEN INDEX OIL  
PRICES" BY: "A SUBSTANTIAL REDUCTION AND THE INDEXA-  
TION OF OIL PRICES".

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PARA 10 -- WE THINK THAT THE FOLLOWING WORDING WILL  
PERHAPS REFLECT OUR DISCUSSIONS MORE ACCURATELY:

"WE ARE CONSCIOUS OF THE BROADER POLITICAL AND  
ECONOMIC DANGERS AND DIFFICULTIES THAT MIGHT DEVELOP  
FROM AN OIL INDEXATION SCHEME. AT THE POLITICAL  
LEVEL, AGREEMENT TO INDEX THE PRICE OF OIL, BUT NOT  
OF OTHER COMMODITIES, WOULD BE DIFFICULT OR EVEN  
IMPOSSIBLE TO DEFEND. AT THE ECONOMIC LEVEL, TO  
APPLY INDEXATION FOR OIL AND TO EXTEND INDEXATION TO  
OTHER COMMODITIES WOULD INVOLVE DANGEROUS CONSEQUENCES  
FOR OUR ECONOMIC SYSTEM, AN UNPREDICTABLE  
FINANCIAL BURDEN AND ENORMOUS PRACTICAL DIFFICULTIES,  
AND WOULD VIRTUALLY LOCK ALL COUNTRIES INTO  
PERPETUAL HIGH INFLATION."

PARA 11 -- IN ACCORDANCE WITH OUR EARLIER REMARKS ON A  
TRADE-OFF, WE SUGGEST TO DELETE THE WORDS FROM "IN  
THE FRAMEWORK" ONWARDS IN THE LAST SENTENCE.

ANNEX I -- PARA. 4, FIFTH LINE: DELETE THE WORDS "AS A  
RESULT".

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PARA. 4, SEVENTH LINE: AFTER "DEMAND MANAGEMENT,"  
INSERT: "THE MISALLOCATION OF RESOURCES DUE TO THE  
STRONG INFLATIONARY PRESSURES IN RECENT YEARS".

ANNEX II -- PARA. 5, THIRD LINE: SINCE THE IMPACT OF  
FUTURE CHANGES IN THE OIL PRICE WILL DIFFER AMONG  
COUNTRIES ACCORDING TO THEIR DIFFERENT INFLATION  
RATES, WE SUGGEST REPLACING "A CRUCIAL" BY "AN  
IMPORTANT".

END TEXT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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